

Project SHARE

A public/private plan to improve services for all people
with developmental disabilities in the California Bay Area
through resource sharing . . .

KOFT



Executive Summary

This document briefly details the history of the Agnews Developmental Center and the corresponding trends in the developmental disability field as they emerged over the past century. A public/private partnership is presented as a solution to the current budgetary and service delivery crisis facing the developmental disability system. The strengths of Elwyn, Inc., a private provider that has successfully blended community and campus based services are identified and offered as a solution. Elwyn is an internationally recognized organization that has successfully transitioned campus based facilities into quality state-of-the-art seamless community systems. They have realized significant cost savings through this process. It is estimated that a first year savings of \$15 million will be realized.

PLAN HIGHLIGHTS

- ✓ Year 1 savings of \$15 million
- ✓ Quality state of the art services
- ✓ Seamless transition plan
- ✓ True choices for families
- ✓ Benefits all persons with developmental disabilities
- ✓ *Elwyn's* extensive experience

Historical Background

The early rapid growth of large state institutions for people with developmental disabilities mirrored society's dim view of their potential and the widely held belief that these individuals were a menace to the community. Large wards were the norm and state Developmental Disability systems were similar to, though separately administered from, state Mental Health Systems. In the early 1970's, somewhat later than the community mental health movement, community integration began in earnest for people with developmental disabilities. With shrinking mental health populations, many state Mental Health institutions had begun to serve people with developmental disabilities in an effort to make use of their vacant buildings and to downsize overcrowded DD institutions. Due to successful new behavioral support techniques, advocacy, litigation, and major exposés of deplorable conditions at state DD institutions, a major paradigm shift occurred in the DD residential service delivery model. A philosophy of "normalization" coupled with a new awareness of teaching techniques for people with DD revolutionized treatment and then turned the model upside down. Whereas, "bigger", "insular" and "self sufficient" were the hallmarks of a well-run residential service prior to the late 20th century, the new watchwords soon became "smaller", "community integrated" and "interdependent".

During this period, voluntary Federal fiscal matching programs through Medicaid became a primary source of income to allow the states to increase services to people with DD. The Home and Community Based Service Waiver (HCBSW) and Intermediate Care Facilities for People with Mental Retardation (ICF-MR) programs were and continue to be used both to fund community placements in small-dispersed homes and to increase services to individuals in large state institutions. Philosophically, community placement

in small homes became the gold standard of residential services, with the result that today more individuals live in community homes than in state institutions. The last two decades of the 20th century saw two separate and distinct residential systems solidify; state institutions funded through the ICF-MR program and small community homes funded through the HCBSW. For the most part, direct service workers at state institutions were a relatively highly paid unionized work force with premier benefit and retirement plans while the community system consisted of relatively low paid privately employed non-unionized workers. Whereas state institutions directly employed specialty DD clinicians such as physicians, dentists, nurses, behavior analysts, occupational, speech and physical therapists, individuals living in the community received services through the state's separately administered general Medicaid health care delivery system.

In many cases, state institutions eventually closed. Closures occurred through community placement, attrition and in some instances consolidation of existing institutions. People living in large facilities were viewed as awaiting community placement and the dictum of "everyone can be served in a small 3-person home if given the right support" became the prevailing thinking. Because of this, large institutions became relics of the past. Buildings were not renovated or brought into compliance with new fire and life safety codes. Instead of new construction, to keep up with current residential models, makeshift 2 or 3 person rooms were created in existing wards by building temporary walls. Why put a lot of money into archaic buildings or build new ones if these large facilities were closing or at best seen as a weigh station on the road to community placement?

Institutions remained insular and somewhat oblivious to the community and likewise the community's "disdain" for the institution grew to the point where community advocates would not set foot on an institution's grounds. People living in the community were not allowed to take advantage of any clinical services available in the institution. During the 1980s and 90s many state institutions also suffered from difficulties in meeting the federal ICF-MR regulations. With 50% and more of a state's DD budget tied to federal funding, the threat of decertification and loss of federal matching dollars was very serious. When this did occur or 23-day funding termination notices were instituted, state plans of correction typically included major outlays for additional staff. This has resulted in large per diem increases for state institutions that were at the same time downsizing and decaying, resulting in significant cost inefficiencies. It has also created a state institutional system that employs significant numbers of clinicians with expertise in DD.

The community DD movement has been very successful in transitioning large numbers of people into small community homes. Problems that have surfaced can be traced to two factors that are endemic to the community model; a dispersed workforce and mandated access to community Medicaid services that are already stretched to the limit. Recent US Surgeon General reports have highlighted a lack of access to appropriate and specialized behavioral, psychiatric, medical and dental care for people receiving services through the HCBSW. Given this community/institution dichotomy, it has not been possible, due primarily to philosophical reasons, to share the clinical resources of a State DD Institution with its surrounding community. This may also be partly due to the fiscal hoops that have to be jumped through in order to cost share ICF-MR/institutional

funded services with HCBSW recipients. The community model is currently facing a great challenge in providing superior clinical service access to those individuals who are HCBSW recipients.

Agnews Historical Background

With its beginnings as a State Mental Health Institution, the history of Agnews Developmental Center is a microcosm of the national trends discussed above. Begun in 1888 as a state mental health facility on a large rural campus, Agnews has provided service solely to people with DD since 1972. The DD residential population of Agnews has declined steadily over the last 10 years from 821 residents in 1994 to a current census of 396 individuals. Whereas Agnews was once situated on two rural campuses, the community and local industries are now at its doorstep. Today it sits on 81 acres surrounded by corporate headquarters, private housing, and shopping malls.

The last five years has seen a major retooling of clinical services and increased staffing partly in response to the threatened loss of funding due to federal and state adverse actions that centered primarily on client supervision, client safety and staffing availability. Staffing has been stabilized through a salary incentive plan that makes Agnews one of the highest paying DD centers in the country for direct service and other clinical staff. With this, Agnews has also become very densely staffed, currently employing roughly 1400 staff to provide services to its residents. The current residential population includes approximately 160 people receiving 24 hour continuous nursing in Skilled Nursing Facility (SNF) beds with the remaining being served through the ICF-DD program. With this cost, and the trend to serve all people with DD in community settings through the HCBSW, it is no surprise that Agnews was targeted for closure by July 2005.

Bay Area Community Services

The California and Bay Area community system is administered through a system of Regional Centers that are responsible for ensuring that the needs of the individuals living in the community are met. With its community population, the system, like others around the country, is stretched and it is doubtful that it could, as it is currently constituted, meet the needs of the individuals residing at Agnews. As the community is literally knocking on Agnews doors, an ironic situation could exist where an individual with DD who is in need of clinical community services is living on the same street as Agnews but is unable to access the services available inside. The opening of Agnews doors to the community will benefit all individuals with DD.

California DDS realizes that the existing community system in no way has the capacity to provide the level of clinical service currently needed and received by residents of Agnews. As a result, DDS has postponed the Agnews closure date to July 2006. DDS director Cliff Allenby stated the following:

“...the decision to postpone the closure is based on our assessment of the existing capacity of the Bay Area community to provide the range and types of services needed by 2005...to ensure the health, safety, and proper care of residents of Agnews as they transition to less restrictive, more integrated community placements, the State must ensure the essential building blocks are in place, including development of necessary housing, alternative models of service delivery, and appropriate, quality services. These building blocks raise a number of policy and fiscal issues that require further development and consideration.”

DDS also indicated that the following four points must be addressed for closure to move forward:

- The stability of living arrangements must be assured.
- An appropriate array of service options designed to meet the special needs of Agnews’ residents must be available.

- Systems must be in place to ensure continuity of services between the institution and the community.
- On-going quality of care must be assured.

KOFT agrees that the current community system is not sufficiently able to meet the four points outlined by DDS director Allenby. KOFT has investigated several “alternative models of residential service delivery” other than outright closure. The model that KOFT feels would best meet the needs of the individuals residing at Agnews, as well as those residing in the community was pioneered by *Elwyn* Inc, an international not-for-profit provider of services for people with disabilities. As suggested by Director Allenby, this model does indeed address the four points he outlined that must be part of a solution for the individuals residing at Agnews. It neither closes a large campus based facility nor continues its operation in community isolation. It sets up a blended cost effective system that allows for a higher quality of service to all persons with DD living in a given catchment area. KOFT members as well as Regional Center representatives have visited one of *Elwyn*’s service delivery systems in Eastern Pennsylvania. Representatives of *Elwyn* have met with regional center executive staff and toured Agnews on several occasions. The following model presents an overview of the KOFT supported approach to effect better services for all individuals with DD residing in the Bay Area. Instead of maintaining two costly systems, it blends them into one cost effective service delivery strategy.

Elwyn History

Elwyn was founded in Philadelphia, PA in 1852 by forward thinking educators who felt that mental retardation could be cured through specific educative approaches. Land was deeded to *Elwyn* in a rural section of Delaware County and in 1857 a campus setting began development. The population grew and during the first part of the twentieth century, *Elwyn* followed the accepted residential models of the time becoming an insular self-sufficient campus. With the 1960s and 70s, *Elwyn* chose a different path than state institutions and began to operate community based residential and vocational programs while renovating its campus. As part of this initiative, *Elwyn* continued to upgrade its campus while expanding its presence in the community. This process allowed *Elwyn* to develop a true service continuum that is able to serve people irrespective of whether they live on its campus or in one of its many small community residences. Through fiscally astute contract negotiations and sophisticated funder blending, *Elwyn* today provides service on its campus to over 1100 people on a daily basis, less than half of which actually reside on the campus. Its campus buildings continue to be among its most attractive living arrangements and provide another residential option in a seamless service system.

Like Agnews, corporate headquarters, private housing, and shopping malls also surround the *Elwyn* campus, but unlike Agnews, it has opened its doors to the community increasing the availability of needed services. One specific example is the *Elwyn* Media campus medical/dental suite. Through negotiations with the Medicaid managed care health delivery system, *Elwyn* was able to procure augmented funding to provide these needed services to all Medicaid recipients. Staffed with service providers who are experts

in their chosen medical/dental specialty but who also have extensive experience providing service to persons with DD, services are now accessible to more people at a higher quality in a more cost effective manner. The cost savings is the result of procedures that previously required hospitalization, due to the need for anesthesia, now completed in an outpatient setting. Cost savings are also being realized through accessibility to preventive care that was previously unavailable and is now able to avoid more costly procedures later. The major benefit seen from appropriate dental care has been an improvement in the individual's behavior and overall health. People who had not received routine care due to accessibility issues have now received continuing service and the large benefits to the overall quality of life continue. Other examples of the *Elwyn* service model include:

- ✓ A large bandage factory that through contracts with the US Armed Forces produces bandages for use by the military providing employment to people who reside on the campus and in Delaware county.
- ✓ An approved private school that is open to all students with special needs in the Philadelphia area.
- ✓ A pre-school that provides service to staff children and to children with special needs.
- ✓ Adult day care and senior centers that serve the Philadelphia area and many other alternatives all of which provide a true rhythm of life experience for those individuals who receive these services.

- ✓ A sophisticated Infection Control program that reinforces universal precautions with training support packages that can be implemented with all staff.

KOFT/Elwyn Solution

To effect a transformation of the two isolated systems that are currently operating in the Bay Area with a resulting accessible comprehensive service delivery system, the artificial wall between the community and the Agnews Developmental Center must disappear. For this to occur, a public/private plan must be developed to administer the change. A building plan is needed that addresses the critical life safety issues that are present on the Agnews campus and a blending of services among the community and the residents of Agnews is needed to result in cost savings. The following conditions are a requirement to implement significant change:

1. Agnews is transformed into a private not-for-profit corporation (SHARE, Inc.); this new corporation enters into a five year direct contract with the Department of Developmental Services.
2. *Elwyn* will secure a management consulting contract with SHARE that would allow *Elwyn* to manage all operations, including the replacement of existing Agnews executive management.
3. Specific Life Safety concerns outlined by KOFT/Elwyn as a result of their limited site inspections are addressed by DDS through capital improvements, e.g. key locks on fire exits removed and panic bars installed.
4. All other physical plant waivers continue.
5. Authority to subcontract with other providers for community residential services is granted to SHARE.
6. SHARE maintains full budgetary control over the Agnews total current budget and receives a five-year transition grant of 60 million dollars.

7. Existing union contracts will remain in force until a new HR model is designed and implemented.

8. SHARE enters into leasing arrangements for existing and new facilities.

As part of a five-year contract, SHARE Inc. will agree to the following deliverables:

1. Compliance with current certifications will be maintained.
2. A new model will be designed and implemented that transitions Agnews from a closed community to an integrated aspect of California's system for persons with disabilities.
3. Operating costs will be stabilized and controlled.
4. A study of buildings and grounds is undertaken to determine those areas that are in need of renovation versus those areas that should be demolished.
5. A strategic plan is developed to upgrade those building structures that will remain and create new facilities that will better meet the needs of the population.

As part of this plan the following new services will occur during the initial five-year contract:

1. In order to institute quality health service, a center will be built to provide a focal access point for the provision of specialized state-of-the-art medical/dental services. This model will be scaleable and replicable both on campus and in the surrounding communities.

2. A full range of day services (prevocational, adult day care and senior services) shall be provided for persons after assessment and transition planning. SHARE Inc. will develop day services both on the campus and in community settings to accommodate individuals whose needs cannot be met by currently available day services.

3. New housing will be built on the current Agnews property for individuals who are medically fragile and for those who have significant behavioral support needs. The housing will be in the form of 15 bed clusters. Each cluster will consist of three homes with accommodations for five persons each. These clusters will be supported by the health clinic. This model will be scaleable and replicable both on campus and in the surrounding communities. *(See attached initial program model for a proposed behavioral support unit).*

4. A network of community group homes will also access the health center. This will increase the availability of needed medical/dental services to individuals currently residing in the community.

This inclusive community service infrastructure mirrors the current *Elwyn* design.

Financial Perspective

Traditionally, closure plans have been preceded by extensive reviews of existing operations, which establish service outcomes and existing infrastructure vulnerabilities. Limited access to the existing Agnews physical plant, resident information and staff prevents us from presenting a comprehensive business plan. Therefore, the budget projection below has been developed based on experienced provider input reflecting existing cost structures for current operations elsewhere in the country.

<u>Operating Cost Comparison</u>			
<u>Organization</u>	<u>Annual Budget</u>	<u># of Residents</u>	<u>Annual Funding Per Resident</u>
Agnews	\$102,000,000	375	\$272,000
SHARE Inc.	\$ 86,385,000	375	\$230,360
SAVINGS	<u>\$ 15,615,000</u>		<u>\$ 41,640</u>

Note: Funding comparison of operating cost is based on implementation of design concept compared to published data for Agnews Development Center.

The above figures represent the funding for SHARE, Inc. based on the following design.

	<u>Medically Fragile</u>	<u>Non-Medically Fragile</u>
Resident's/Site	15	15
# of Sites	11	14
# of Resident's	165	210

The above model includes operating costs for the following services:

- ✓ Residential
- ✓ Day/Vocation Programs
- ✓ Clinical and Medical Services
- ✓ Campus Supports
- ✓ Administration

Significant Highlights of the budget calculations include:

- ✓ The recognition and adjustment of staffing inefficiencies
- ✓ *Elwyn's* purchasing power and vendor relationships
- ✓ *Elwyn's* excellence and proven record of accomplishment in maximizing third party reimbursement and corresponding navigation of multiple funding sources.
- ✓ For over 25 years, *Elwyn* has been providing vocational services to Californians with developmental disabilities.

Occupancy Costs

Our financial simulations are based on the scenario that new residential and day program facilities will be constructed and owned by an independent entity. Through a mutually beneficial leasing arrangement, the newly created not-for-profit entity (SHARE, Inc.) will be charged fair market rental for the use of the space. Our budgets include lease expense in the amount of \$4,875,000.

Capital Costs

While our budgets reflect operating costs only, we have identified three distinct areas of capital needs, as follows:

(1) Immediate

- √ Life safety issues, such as fire evacuation, earthquake code, etc.

(2) Support

- √ Information Technology, Accounting, and Human Resource Systems

(3) Long Term

- √ Construction of new facilities:

- Residential
- Day and vocational
- Medical
- Campus supports

The funding of these capital items must be made through the state of California.

Conclusions

In conclusion, a KOFT/*Elwyn* partnership strengthens both organizations in significant ways. KOFT has already achieved much in bringing the needs of their family members to the attention of the State of California. KOFT is committed to a furtherance of excellent residential and clinical services for their family members and to expanding these services to the community at large. *Elwyn* brings to this project its long history of developing innovative models to achieve this purpose. Together, these two organizations form a unique family/service provider consortium that is well equipped to meet the needs and choices of those individuals with developmental disabilities in the California Bay Area. The successes achieved over the past several years have given *Elwyn* the resources, credentials and authority base to grow significantly.

Elwyn Inc. has reached peak levels in service provision to individuals with significant challenges through strengths in:

- 1) Direct client/programming needs
- 2) Cost containment methodologies
- 3) Maximizing third party reimbursement
- 4) Purchasing power
- 5) Administrative infrastructure

It is our belief that we could extend our excellence to the current Agnews Developmental Center. Our plan is detailed, the need is immediate and the savings are significant.